



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VII
901 NORTH 5TH STREET
KANSAS CITY, KANSAS 66101

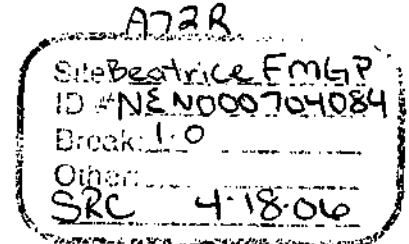
OFFICE OF
REGIONAL ADMINISTRATOR

APR 18 2006

The Honorable Chuck Hagel
United States Senate
Washington, DC 20510

Attention: Joseph Lai

Dear Senator Hagel:



Thank you for your letter of February 21, 2006 concerning the city of Beatrice and the Beatrice Former Manufactured Gas Plant ("Beatrice FMGP") Site. As your letter raises site-specific issues Administrator Johnson has asked me to respond.

Former manufactured gas plants ("FMGP")¹, also known as gas works or town gas plants, were in use between the late 1800s and the 1960s. Most plants were closed in the late 1940s because of the availability of natural gas. Historically, wastes produced by the gas manufacturing process contain hazardous materials including coal tar, volatile organic compounds (VOCs), phenols, cyanides and metals. Although some of the wastes and byproducts were often reused, sold, or given away for other uses, it was common practice to dispose of remaining waste materials on the gas plant property in shallow pits or lagoons, commonly referred to as "tar wells." Tanks used for storage of product gas also were used for storage of tars and waste condensates. Because these tanks frequently leaked, they were a significant source of contamination. On-site disposal or leaking gas storage tanks have led to contamination of surrounding soils at some of those facilities, along with migration of contaminants to nearby surface water bodies through runoff or to groundwater through leaching.

The Beatrice FMGP operated from approximately 1906 until 1930. The Beatrice FMGP provided natural gas to the city of Beatrice residents. Under a franchise agreement the city of Beatrice received a percentage of the earnings of the gas plant. Although little is known of the waste handling practices at the Beatrice FMGP, a study of similar FMGP facilities by the Radian Corporation² found that approximately 730 gallons of waste tar sludge typically were generated for every million cubic feet of gas produced. Of that quantity, generally about 76 percent of the waste tar sludge was dehydrated and sold, leaving the remaining 24 percent to be reused or disposed.

¹ There are approximately 144 FMGP sites in Region 7, twenty-seven (27) of them are in Nebraska.

² Survey of Town Gas and By-product Production and Locations in the United States (1880-1950). Radian Corporation, 1985. EPA/600/7-85/004.

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SUPERFUND RECORDS



Considering that an average of 32 million cubic feet of gas was produced annually at the Beatrice FMGP, about 23,360 gallons of waste tar sludge would have been generated each year, with about 5,606 gallons being reused or disposed of annually at the site. Over the course of the facility's estimated 30-year history, this would have amounted to about 168,000 gallons of waste tar sludge potentially disposed of at the Beatrice FMGP site.

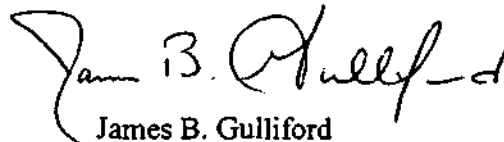
At the request of the Nebraska Department of Environmental Quality, EPA performed a removal site evaluation ("RSE") in 2004. Elevated concentrations of contaminants found in coal tar were detected in surface soil, subsurface soil, and groundwater samples taken from the site. Coal tar is a known human carcinogen. The contamination in the groundwater appears to be migrating toward the Big Blue River, which runs along the western boundary of the site. Remnants of the FMGP exist at the site, including a cement pad, gasometer foundation and two other foundations. The site is not secured and access is unrestricted. EPA has determined that a removal response action may be warranted. An initial component of that effort is the performance of a study, otherwise known as an engineering evaluation and cost analysis ("EE/CA"), to characterize the extent of contamination at the site and identify cleanup alternatives.

EPA notified the city of Beatrice (the "City") and Centel Corporation³ ("Centel") of their status as potentially responsible parties for the site on May 19, 2005. This notice was sent following an extensive investigation into the ownership and operational history of the site to determine the existence of any and all parties potentially responsible to pay for, or perform, cleanup of the site, or to reimburse any response costs incurred by EPA.

For almost a year now, we have tried to engage the City in negotiation of an agreement with EPA and Centel for performance of an EE/CA for the site. The City has resisted our efforts. Recently, however, EPA has been advised that the City and Centel have met regarding the site. We hope that they will be able to arrive at an agreement so that the preparation and planning for cleanup of the site can move forward. It is our intention for the City and Centel to conduct additional assessment to better characterize the extent of contamination; to identify the preferred cleanup alternatives (complete the EE/CA) this summer; and to implement the cleanup plan in 2007. We will keep you apprised of our progress.

Again, thank you for your letter. If we may be of any further assistance, please feel free to contact me at 913-551-7006 or LaTonya Sanders, Congressional Liaison, at 913-551-7003.

Sincerely,



James B. Gulliford
Regional Administrator

³ Centel Corporation is the corporate successor to a former owner and operator of the former manufactured gas plant site.